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SUBJECT: OAS SYG INSULZA ON VENEZUELA

Classified By: Ambassador E. Anthony Wayne

HARDER TIMES AHEAD IN VENEZUELA

1. (C) On July 18, Ambassador met over breakfast in Buenos Aires with visiting OAS Secretary General Jose Miguel Insulza. Insulza told Ambassador that, as Secretary General, he feels it important to show the OAS is making every effort to work with Venezuela at this time. He said he believes there are "harder times" ahead for democracy in Venezuela and that, eventually, the OAS will have to weigh in, perhaps heavily. At that moment, Insulza said, he will need to bring more hesitant countries along and he hopes his current forbearance will make that a bit easier.

2. (C) Insulza also relayed that, during this visit to the region, he had noted that Argentina and Brazil seemed much less certain that they can successfully embrace and contain Chavez. He said he sensed more concern from discussions with GoB and GoA interlocutors that the policy of "holding Chavez close" is not working. His interlocutors, he said, privately noted their concern that Chavez was becoming more radical in his intentions as well as his words, and they were worried.

FOR KIRCHNER, ALL POLITICS ARE LOCAL

3. (C) Insulza shared his analysis that President Kirchner is the perfect example of "all politics are local." Kirchner's policy toward Chavez, he said, is driven largely by financial concerns, i.e. that he is using Chavez as the channel to float Argentine bonds and that the relationship is mutually beneficial. This explains, as well, the GoA's reluctance to speak out on troubling developments in Venezuela and elsewhere. At the OAS, Argentina is often very strong on the principles of the Democratic Charter and the importance of the OAS issuing reports. In practice, however, when pressed to comment on specific situations, the Argentines are more likely to defend the record of democracy in the region as among the strongest in the world.

4. (C) Insulza noted that Argentina's bilateral dispute with Uruguay over the papermill is a good example of Kirchner using foreign policy for domestic purposes. Insulza said "no way" this dispute should be in its current state, but that Kirchner had been playing it up for local political gain. He also noted from his long experience working bilateral and regional issues that the Argentines in general tend to be overly sensitive to perceived insult and slight, that they (especially the press) tend to exaggerate conflictive issues, and therefore one has to be careful in how one deals with them.

WAYNE